

Graeme Charles on Co-operation in The Devondaler



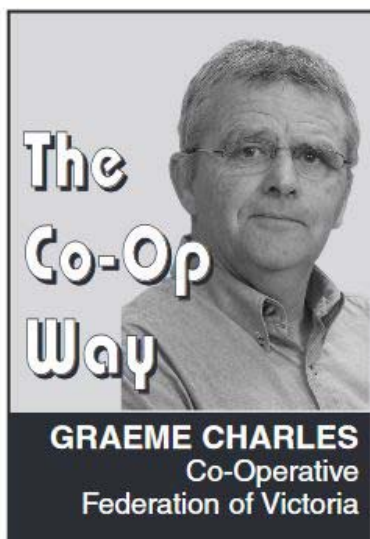
Graeme Charles was the Executive Officer and Secretary of the Co-operative Federation of Victoria Ltd between 1999 and 2002 and Deputy Chairman between 2002 and 2008 – the peak body for co-operatives in the Australian State of Victoria.

Between 2006 and 2008 Graeme Charles was a guest columnist for The Devondaler – the monthly newspaper of Murray Goulburn Co-operative Co. Limited. The Devondaler was established in 1986.

The Co-operative is one of Australia's largest with 2200 dairy farmer members and more than 2000 employees.

Twenty of these columns have been reproduced.

Co-operatives creating value for farmers and rural communities



Despite the received wisdom currently prevailing in this Country, co-operatives are not a thing of the past. This view enjoys the currency it has here for a number of reasons. Chief among these is the deafening silence of the existing co-operative sector. Co-operatives find themselves completely absent when government policy at both State and Federal levels is debated and formed. The co-operative model is also completely absent from education curricula at all levels of learning, resulting in those that provide advice to farmers and others e.g. lawyers, accountants and agricultural consultants being ignorant about the co-operative model.

Co-operatives are good for farmers and rural communities

Only co-operatives, exist solely to meet their members needs, thereby enhancing their incomes and quality of life.

Only co-operatives, are democratically controlled by their members/users, with each member being entitled to one vote irrespective of the number of shares they hold, or the level of business they do with the co-operative.

Only co-operatives protect Australian ownership and control. They cannot easily be taken over by a hostile party.

They provide a critical dimension of market structure in agriculture – strengthening market access and competitive returns for individual farmers.

So what's the problem?

Because co-operatives through demutualisation, and in other ways, continue to lose their influence in agriculture, so to do individual farmers.

Potential co-operative solutions to new problems are being ignored. For example, there is great potential for co-operatives to meet the telecommunication needs of rural Australians. A great number of rural Americans receive these services via their Rural Telephone or Telecommunication co-operative.

The important reality check that co-operatives perform in our agribusiness environment is disappearing.

What is the status of co-operatives in other parts of the World?

Co-operatives world wide have something like 765 million members in 129 countries. The most successful type of co-operative, measured by market share, is the agricultural co-operative.

The USA has the largest agricultural co-operative sector. Over 4 million farmers belong to co-operatives, some of which are major players in rural America. Large co-operatives such as Land O'Lakes, Sunkist and Ocean Spray dominate the sector.

In Canada, co-operatives handle 40% of farm cash receipts. They are export led and heavily involved in value-adding through food processing.

In Asia the Japanese agricultural co-operatives rival those of the USA, with an output of \$90 billion US annually. 90% of Japanese farmers are members of co-operatives and they provide an integrated system of marketing, supply, credit and insurance for the whole rural economy. Its co-operative Central Bank is one of the largest banks and among the biggest businesses in the world.

New Zealand co-operatives generate 70% of that country's agricultural exports and rank highly in terms of the percentage of GDP they contribute.

We could go on citing examples of how important co-operatives are in agriculture in almost every country in the world, with the unfortunate exception these days of Australia. The International Co-operative Alliance recently published its Global 300 list. This list ranks the world's largest 300 co-operatives by turnover. There are only two Australian Co-operatives listed – Murray Goulburn and Dairy Farmers. Unfortunately, Dairy Farmers won't be there too long, as they have already commenced down the demutualisation path. Australia has led the world in co-operative demutualisations.

Consequences and What to do?

The co-operative sector has to accept responsibility for its own future in Australia.

We have no effective national body representing co-operatives.

The existing State peak co-operative bodies are poorly resourced. The Co-operative Federation of Victoria for example relies on the efforts of its voluntary directors and almost voluntary secretary. Nevertheless it has created and maintains the world's first co-operative internet portal www.australia.coop/ and has recently introduced co-operative education into Australia in collaboration with the UK Co-operative College based in Manchester.

Creating Our Future – Agriculture and Food Policy for the Next Generation

The above report from The Agriculture and Food Policy Reference group was presented to the Minister for Agriculture, Fishery and Forestry in February this year and is a perfect example of the aforementioned problem for co-operatives, that of absence from the policy debate and therefore by definition from policy.

It ignores and denies the history and purpose of co-operation – individuals and their communities coming together to form co-operatives for their mutual interest. An example being that the report suggests that it is correct for individual farmers to pay private providers for market intelligence to use in marketing decisions, but it is incorrect for them to form a co-operative to develop and provide the same marketing intelligence. The formation of co-operatives by farmers is not sheltering from market forces. It is the opposite – it is meeting “the need for continuous adaptation and improvement to stay competitive.”

4 November 2007



List of Graeme Charles articles published between 2006 - 2008

Title	Date on Article or File – not when published	Identification Number
Why do you belong to Murray Goulburn Co-operative Company	1 September 2006	1
The importance of co-operatives in agriculture across the world.	2 October 2006	2
What Gives Co-operatives A Bad Name	21 November 2006	3
Murray Goulburn one of only two Australian co-operatives in the ICA Global 300	No date	4
UK Co-operative College and Co-operative Federation of Victoria helping Murray Goulburn members co-operative identity	!! December 2006	6
Review of The Democracy Principle: Farmer Co-operatives in Twentieth Century Australia by David Griffiths	12 February 2007	7
Particular Challenges for Co-operatives – Funding Expansion	12 February 2007	8
Particular Challenges for Co-operatives Part 2 Effective Democracy, or to put it another way, Members In Control	12 February 2007	9
Why are we ignoring co-operative solutions?	10 March 2007	10
A Co-operative AWB	29 March 2007	11
Could health co-operatives help solve the shortage of doctors in rural areas?	1 May 2007	12
Co-operative Demutualisation: the International Co-operative Alliance Response	6 August 2007	13
US Credit Unions buck Global Demutualisation Trend	7 August 2007	14
Co-operatives creating value for farmers and rural communities	4 November 2007	No number
Dairy Co-operatives in India	12 November 2007	16
Cooperatives get together in New Zealand to discuss the Co-operative Advantage of Dairy Business	21 November 2007	17
Retaining Co-operative Characteristics	25 January 2008	18

and Globalisation		
Agricultural Co-operatives are Financially Competitive	7 February 2008	19
Does Co-operation Improve Profitability for Farmers	3 June 2008	21
Small is sometimes beautiful	30 September 2008	Number unknown